

COUNTY OF ALPENA, MICHIGAN

Federal Financial Assistance Compliance Audit
(Single Audit)

For The Year Ended December 31, 2005

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To the Board of Commissioners
County of Alpena, Michigan

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **County of Alpena, Michigan**, as of and for the year ended December 31, 2005, and have issued our report thereon dated May 15, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We did not audit the financial statements of the Alpena General Hospital, representing 63% of the assets and 88% of the activities of the discretely presented component units and the Alpena County Road Commission, representing 31% of the assets and 4% of the activities of the discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it related to the amounts included for the Alpena General Hospital and the Alpena County Road Commission, is based solely on the report of the other auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the **County of Alpena, Michigan's** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the **County of Alpena, Michigan's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the **County of Alpena, Michigan** in a separate letter dated May 15, 2006.

This report is intended for the information of management, the County Board of Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Staley, Isley : Lamp P.C.

May 15, 2006



Certified Public Accountants

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To the Board of Commissioners
County of Alpena, Michigan

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.**

Compliance

We have audited the compliance of the **County of Alpena, Michigan**, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2005. The **County of Alpena, Michigan's**, major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the **County of Alpena's** management. Our responsibility is to express an opinion on the **County of Alpena's** compliance based on our audit.

The County of Alpena, Michigan's basic financial statements include the operations of the Alpena County Road Commission, which received \$423,022 in federal awards, which is not included in the schedule during the year ended December 31, 2005. Our audit, described below, did not include the operations of the Alpena County Road Commission because they engaged other auditors to perform an audit in accordance with (OMB) Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the requirements referred to above could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the **County of Alpena, Michigan's** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the **County of Alpena, Michigan's** compliance with those requirements.

In our opinion, the **County of Alpena, Michigan**, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal financial assistance programs for the year ended December 31, 2005.

Internal Control Over Compliance

The management of the **County of Alpena, Michigan**, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the **County of Alpena, Michigan's** internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Financial Assistance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **County of Alpena, Michigan**, as of and for the year ended December 31, 2005, and have issued our report thereon dated May 15, 2006. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the **County of Alpena, Michigan's**, basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A -133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

This report is intended for the information of management, the County Board of Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Straley, Isley & Lamp P.C.

May 15, 2006

County of Alpena

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

For the year ended December 31, 2005

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Program or Award Amount</u>
<u>U.S. Department of Agriculture</u>			
Direct program:			
Rural Development Housing Preservation Program	10.433		\$ 24,777
			<u>24,777</u>
Passed through State of Michigan			
Department of Community Health:			
Special Supplemental Nutrition Program	10.557		
4275-W.I.C. - 03/04		XX4W1006	216,695
4275-W.I.C. - 04/05		XX4W1006	240,202
4275-W.I.C. - 05/06		XX4W1006	238,804
			<u>695,701</u>
Total U.S. Department of Agriculture			<u>720,478</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed through Michigan State Housing			
Development Authority:			
Community Development Block Grant	14.219	MSC 05-0756-HOA	<u>200,000</u>
Total U.S. Department of Housing and Urban Development			<u>200,000</u>
<u>U.S. Department of Justice</u>			
Passed through State of Michigan			
Department of Human Services:			
Juvenile Accountability Incentive Block Grants	16.523		
JAIBG - Juvenile grant - 04/05		JABGN 04-04001	9,149
JAIBG - Juvenile grant - 04/05		JABGN 05-04001	10,245
JAIBG - Juvenile grant - 05/06		JABGN 05-04001	9,239
Total Passed Through State of Michigan Department of Human Services			<u>28,633</u>

Revenue Accrued (Deferred) at Dec. 31,2004	Prior Year (s) Expenditures	Receipts	Expenditures	Revenue Accrued (Deferred) at Dec. 31,2005	Total Expenditures
\$ -	\$ -	\$ 24,777	\$ 24,777	\$ -	\$ 24,777
-	-	24,777	24,777	-	24,777
-	235,487	(18,792)	(18,792)	-	216,695
-	55,221	184,981	184,981	-	240,202
-	-	59,700	59,700	-	59,700
-	55,221	244,681	244,681	-	299,902
-	55,221	269,458	269,458	-	324,679
-	125,000	75,000	75,000	-	200,000
-	125,000	75,000	75,000	-	200,000
4,455	6,921	6,683	2,228	-	9,149
-	-	10,245	10,245	-	10,245
-	-	5,669	6,824	1,155	6,824
4,455	6,921	22,597	19,297	1,155	26,218

See the accompanying notes to Schedule of Federal Assistance.

County of Alpena

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

For the year ended December 31, 2005

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Program or Award Amount
<u>U.S. Department of Justice - (continued)</u>			
Passed through State of Michigan Department of Community Health:			
Byrne Formula Grant Program	16.579		
Huron Undercover Narcotics Team			
Multi Jurisdictional Task Force		2005-0971	\$ 149,000
Multi Jurisdictional Task Force		2006-0971	165,000
Total Passed Through State of Michigan Department of Community Health			314,000
Total U.S. Department of Justice			342,633
<u>U.S. Environmental Protection Agency</u>			
Passed through Michigan Department of Environmental Quality:			
Indoor Radon Grant	66.032		
Radon Requirements		N/A	2,150
			2,150
Capital Grant for Drinking Water Revolving Fund	66.468		
Arsenic Rule Implementation		PCA 41838	1,913
Arsenic Rule Implementation		PCA 41867	1,750
			3,663
Reimburse Operators of Small Water Systems	66.471		
Operator Certification		PCA 41813	6,475
Operator Certification		PCA 79054	9,800
			16,275
Beach Monitoring and Notification Program	66.472		
Inland Lakes Beach Monitoring Project		N/A	20,000
Inland Beach Monitoring Project		N/A	8,000
			28,000
Total U.S Environmental Protection Agency			50,088

* Major Program

<u>Revenue Accrued (Deferred) at Dec. 31,2004</u>	<u>Prior Year (s) Expenditures</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Revenue Accrued (Deferred) at Dec. 31,2005</u>	<u>Total Expenditures</u>
\$ 5,042	\$ 7,726	\$ 143,634	\$ 138,592	\$ -	\$ 146,318
-	-	-	603	603	603
5,042	7,726	143,634	139,195	603	146,921
9,497	14,647	166,231	158,492	1,758	173,139
-	-	2,150	2,150	-	2,150
-	-	2,150	2,150	-	2,150
216	216	647	647	216	863
-	-	-	262	262	262
216	216	647	909	478	1,125
1,150	1,150	3,450	3,450	1,150	4,600
-	-	-	1,400	1,400	1,400
1,150	1,150	3,450	4,850	2,550	6,000
-	-	18,528	18,528	-	18,528
-	-	7,295	7,295	-	7,295
-	-	25,823	25,823	-	25,823
1,366	1,366	32,070	33,732	3,028	35,098

See the accompanying notes to Schedule of Federal Assistance.

County of Alpena

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

For the year ended December 31, 2005

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Program or Award Amount
<u>U.S. Department of Health and Human Services</u>			
Passed through State of Michigan			
Department of Community Health:			
Family Planning Services	93.217		
4281-Family Planning - 04/05		05H000173	\$ 61,514
4281-Family Planning - 05/06		05H000173	59,629
			<u>121,143</u>
Childhood Immunization Grants	93.268		
1300-Immunization - IAP - 04/05		H23 CCH522556	26,767
1300-Immunization - IAP - 05/06		H23 CCH522556	26,408
1340-Immunization - Vaccine Handling - 04/05		H23 CCH522556	2,412
Vaccines provided - 04/05		H23 CCH522556	249,287
			<u>304,874</u>
Centers for Disease Control and Prevention -			
Investigations and Technical Assistance	93.283		
1352-CDI-Breast and Cervical Cancer- 04/05		U58 CCU5228826	27,819
1352-CDI-Breast and Cervical Cancer- 05/06		U58 CCU5228826	29,821
1590-Bioterrorism Focus A - 04/05		CCU517018	90,198
1590-Bioterrorism Focus A - 05/06		CCU517018	193,752
1591 Bioterrorism Focus B - 04/05		CCU517018	24,328
1594 Bioterrorism Focus E - 04/05		CCU517018	34,976
1595 Bioterrorism Focus F - 04/05		CCU517018	29,132
1596 Bioterrorism Focus G - 04/05		CCU517018	37,554
			<u>467,580</u>
Medical Assistance Program	93.778		
4356-Case Management Services - 04/05		5XX05MI5048	7,983
4356-Case Management Services - 05/06		5XX05MI5048	17,562
CSHC Care Coordination - 04/05		B1MIMCHS	-
			<u>25,545</u>
Breast and Cervical Cancer Early Detection	93.919		
1352-CDI-Breast and Cervical Cancer - 04/05		U57 CCU506738	45,750
1352-CDI-Breast and Cervical Cancer - 05/06		U57 CCU506738	41,850
			<u>87,600</u>
HIV Prevention Health Department Based	93.940		
AIDS/HIV Prevention - 04/05		U62-CCU523464	-
			<u>-</u>

* Major Program

Revenue Accrued (Deferred) at Dec. 31,2004	Prior Year (s) Expenditures	Receipts	Expenditures	Revenue Accrued (Deferred) at Dec. 31,2005	Total Expenditures
\$ -	\$ 15,378	\$ 46,136	\$ 46,136	\$ -	\$ 61,514
-	-	14,907	14,907	-	14,907
-	15,378	61,043	61,043	-	76,421
-	6,693	20,270	20,074	(196)	26,767
-	-	6,603	6,603	-	6,603
-	603	1,809	1,809	-	2,412
-	-	249,287	249,287	-	249,287
-	7,296	277,969	277,773	(196)	285,069
-	9,846	17,973	17,973	-	27,819
-	-	9,843	9,843	-	9,843
-	13,065	77,133	77,133	-	90,198
-	-	48,438	48,438	-	48,438
3,736	5,736	22,328	18,592	-	24,328
2,157	4,157	32,976	30,819	-	34,976
6,250	8,250	27,132	20,882	-	29,132
1,945	10,381	29,118	27,173	-	37,554
14,088	51,435	264,941	250,853	-	302,288
-	1,995	5,988	5,988	-	7,983
-	-	4,389	4,389	-	4,389
60	60	120	60	-	120
60	2,055	10,497	10,437	-	12,492
-	10,773	34,977	34,977	-	45,750
-	-	11,250	11,250	-	11,250
-	10,773	46,227	46,227	-	57,000
-	-	-	26	26	26
-	-	-	26	26	26

See the accompanying notes to Schedule of Federal Assistance.

County of Alpena

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

For the year ended December 31, 2005

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Program or Award Amount
<u>U.S. Department of Health and Human Services - (continued)</u>			
Maternal and Child Health Services	93.994		
4262-Local MCH - 04/05		B1MIMCHS	\$ 42,579
4262-Local MCH - 05/06		B1MIMCHS	55,244
4262-Local MCH (Child Health) - 04/05		B1MIMCHS	20,000
4262-Local MCH (Child Health) - 05/06		B1MIMCHS	7,335
4281-Family Planning - 04/05		B1MIMCHS	12,799
4281-Family Planning - 05/06		B1MIMCHS	12,005
4356-Case Management Services - 04/05		B1MIMCHS	11,939
4356-Case Management Services - 05/06		B1MIMCHS	10,931
			<u>172,832</u>
Total Passed Through State of Michigan Department of Community Health			<u>1,179,574</u>
Passed through State of Michigan Department of Human Services			
Promoting Safe and Stable Families	* 93.556		
Day One - Alpena County - 04/05		CAN 05-04001	96,791
Day One - Alpena County - 05/06		CAN 05-04001	29,736
Day One - Cheboygan County - 04/05		SFSC 04-16002	20,000
			<u>146,527</u>
Temporary Assistance for Needy Families	* 93.558		
0-3 Toddler - Alpena County - 04/05		CTFPR 05-04001	123,244
0-3 Toddler - Alpena County - 05/06		CTFPR 05-04001	123,244
0-3 Toddler - Montmorency County - 04/05		CTFPR 05-60001	71,371
0-3 Toddler - Montmorency County - 05/06		CTFPR 05-60001	71,371
Day One - Alpena County - 04/05		CAN 05-04001	92,625
Day One - Alpena County - 05/06		CAN 05-04001	20,965
			<u>502,820</u>
Child Support Enforcement	* 93.563		
Friend of the Court - 03/04		CS/FOC-04-04001	283,657
Friend of the Court - 04/05		CS/FOC-05-04001	293,119
Friend of the Court - 05/06		CS/FOC-06-04001	67,252
Prosecuting Attorney - 04/05		CS/PA-05-04002	26,232
Prosecuting Attorney - 05/06		CS/PA-06-04002	-
Medical Assistance Payments			
Friend of the Court - 04/05		CS/MED-05-04001	8,221
			<u>678,481</u>

* Major Program

Revenue Accrued (Deferred) at Dec. 31,2004	Prior Year (s) Expenditures	Receipts	Expenditures	Revenue Accrued (Deferred) at Dec. 31,2005	Total Expenditures
\$ -	\$ 12,396	\$ 30,183	\$ 30,183	\$ -	\$ 42,579
-	-	13,812	13,812	-	13,812
-	3,249	16,751	16,751	-	20,000
-	-	1,833	1,833	-	1,833
-	3,201	9,598	9,598	-	12,799
-	-	3,000	3,000	-	3,000
-	2,985	8,954	8,954	-	11,939
-	-	2,733	2,733	-	2,733
-	21,831	86,864	86,864	-	108,695
14,148	108,768	747,541	733,223	(170)	841,991
25,157	25,157	96,791	71,634	-	96,791
-	-	16,681	29,736	13,055	29,736
3,688	5,069	17,687	13,999	-	19,068
28,845	30,226	131,159	115,369	13,055	145,595
-	30,811	92,433	92,433	-	123,244
-	-	30,811	30,811	-	30,811
-	17,843	53,528	53,528	-	71,371
-	-	17,843	17,843	-	17,843
24,595	24,595	92,625	68,030	-	92,625
-	-	11,761	20,965	9,204	20,965
24,595	73,249	299,001	283,610	9,204	356,859
22,723	283,657	22,723	-	-	283,657
74,512	74,512	263,819	218,607	29,300	293,119
-	-	-	67,252	67,252	67,252
6,248	6,248	26,232	19,984	-	26,232
-	-	-	6,850	6,850	6,850
2,635	4,321	6,535	3,900	-	8,221
106,118	368,738	319,309	316,593	103,402	685,331

See the accompanying notes to Schedule of Federal Assistance.

County of Alpena

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

For the year ended December 31, 2005

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Program or Award Amount</u>
<u>U.S. Department of Health and Human Services - (continued)</u>			
Passed through State of Michigan			
Department of Human Services - (continued)			
Foster Care	93.658		
Prosecuting Attorney - 2004		PRO/FC-04-04001	\$ 2,410
Prosecuting Attorney - 2005		PRO/FC-04-04001	864
Prosecuting Attorney - 2005		PRO/FC-05-04001	2,864
Prosecuting Attorney - 2006		PRO/FC-05-04001	747
			<u>6,885</u>
Total passed through State of Michigan			
Department of Human Services			<u>1,334,713</u>
Total U.S. Department of Health and Human Services			<u>2,514,287</u>
<u>U.S. Department of Homeland Security</u>			
Passed through Michigan State Police			
Emergency Management Division:			
State Domestic Preparedness Equipment	97.004		
SHSGP Part II Training Grant		Q1COA	37,000
SHSGP Equipment		2005 SHSP	18,563
Solution Area Planner		020105P	34,000
Weapons of Mass Destruction Exercise		020105A	26,969
Equipment Solutions Area		02105J	158,796
			<u>275,328</u>
Emergency Management Performance Grants	97.042		
Local Assistance Grant - 04/05		120204-005	11,229
Local Assistance Grant - 05/06		120204-006	2,617
			<u>13,846</u>
Citizen Corps	97.053		
Community Emergency Response Team		Cert/F-1/04	38,500
Community Emergency Response Team		ODPMCC/F-20/04	31,646
			<u>70,146</u>
Total U.S. Department of Homeland Security			<u>359,320</u>
Total Federal Financial Assistance			<u>\$ 4,186,806</u>

* Major Program

Revenue Accrued (Deferred) at Dec. 31,2004	Prior Year (s) Expenditures	Receipts	Expenditures	Revenue Accrued (Deferred) at Dec. 31,2005	Total Expenditures
\$ 292	\$ 2,410	\$ 292	\$ -	\$ -	\$ 2,410
568	864	568	-	-	864
-	-	2,864	2,864	-	2,864
-	-	255	747	492	747
860	3,274	3,979	3,611	492	6,885
160,418	475,487	753,448	719,183	126,153	1,194,670
174,566	584,255	1,500,989	1,452,406	125,983	2,036,661
9,494	17,532	27,080	17,586	-	35,118
-	-	-	8,200	8,200	8,200
7,846	23,538	18,308	10,462	-	34,000
9,955	9,955	26,969	17,014	-	26,969
32,536	32,536	158,596	126,260	200	158,796
59,831	83,561	230,953	179,522	8,400	263,083
2,668	2,668	11,229	8,561	-	11,229
-	-	2,617	2,617	-	2,617
2,668	2,668	13,846	11,178	-	13,846
4,513	4,513	38,500	33,987	-	38,500
-	-	30,784	31,023	239	31,023
4,513	4,513	69,284	65,010	239	69,523
67,012	90,742	314,083	255,710	8,639	346,452
\$ 252,441	\$ 871,231	\$ 2,357,831	\$ 2,244,798	\$ 139,408	\$ 3,116,029

See the accompanying notes to Schedule of Federal Assistance.

County of Alpena

NOTES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

NOTE 1--SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying schedule of federal financial assistance includes the federal grant activity of the County of Alpena, Michigan and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic statements. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other governmental agencies are included on the schedule.

For the audit period ended December 31, 2005 the County of Alpena, Michigan's dollar threshold for larger Federal programs, which were regarded as Type A programs, were programs with Federal awards expended during the audit period which exceeded \$300,000. All other Federal programs were regarded as Type B programs. No federal programs were considered to be high-risk and the determination was made that major programs were all Type A programs and additional Type B programs to encompass at least 25% of the total federal awards expended. During the year ended December 31, 2005, the County of Alpena, Michigan expended 32% of its total expenditures of Federal Awards programs audited as Major programs.

B. CFDA

This refers to the Catalog of Federal Domestic Assistance.

C. RECEIPTS

Current year receipts represent cash/payments-in-kind received from Federal sources during the period January 1, 2005 through December 31, 2005.

NOTE 2--MICHIGAN DEPARTMENT OF TRANSPORTATION PASS - THROUGH GRANTS

It is required by the Michigan Department of Transportation (MDOT) that Road Commissions report total federal awards for Highway, Research, Planning and Construction pertaining to their County. However, only the federal financial assistance applicable to force account expenditures is required to be audited for compliance under the Single Audit Act through Road Commission procurement. The reason for this requirement is that the Road Commission is required to have accounting and administrative control over the force account portion while the balance is administered by (MDOT).

During the year ended December 31, 2005, the Road Commission of the County of Alpena, Michigan had less than \$500,000 of applicable federal awards for local force expenditures. As a result, an audit for compliance under the Single Audit Act is not required.

During the year ended December 31, 2005, (MDOT) expended \$ 423,022 representing U.S. Department of Transportation Federal Highway grant money on public road improvements projects which were administered by the Michigan Department of Transportation. These expenditures are not included in the County of Alpena, Michigan's Schedule of Federal Financial Assistance for the year ended December 31, 2005.

County of Alpena

NOTES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

NOTE 3--MICHIGAN FAMILY INDEPENDENCE AGENCY/TITLE IV-D COOPERATIVE REIMBURSEMENT GRANTS

Grant funds received from the State of Michigan Department of Human Services for Child Support Enforcement CFDA # 93.563 are comprised of both federal and state revenue. The following is a summary of grant activity:

Contract Number	Net Expenditures	FIA IV-D Reimbursement			County Share
		Federal	State	Total	
CSFOC-04-04001	\$651,186	\$283,657	\$146,126	\$429,783	\$221,403
CSFOC-04-04001	22,677	-	22,677	22,677	-
CSFOC-05-04001	672,908	293,119	151,001	444,120	228,788
CSFOC-05-04001	16,623	-	16,623	16,623	-
CSFOC-06-04001	154,388	67,252	34,645	101,897	52,491
CSFOC-06-04001	7,202	-	7,202	7,202	-
CSMED-05-04001	12,456	8,221	4,235	12,456	-
CSPA-05-04002	60,221	26,232	13,514	39,746	20,475
CSPA-05-04002	1,178	-	1,178	1,178	-
CSPA-06-04002	15,725	6,850	3,526	10,376	5,349
CSPA-06-04002	674	-	674	674	-
Totals	\$1,615,238	\$685,331	\$401,401	\$1,086,732	\$528,506

NOTE 4--RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

Federal financial assistance revenues are reported in the County's basic financial statements as follows:

	Federal Revenues
General Fund	\$ 297,042
Special Revenue Funds:	
Airport	321,565
Housing Commission	113,025
H.U.N.T.	139,195
Component Units:	
Health Department	1,161,328
Road Commission	423,022
Friend of the Court	289,759
Family Division Court	19,297
Total Federal Revenues	<u>\$2,764,233</u>

County of Alpena

NOTES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

NOTE 5--RECONCILIATION

Certain grants are comprised of both federal and state revenue. The percentage of this revenue mix varies from program to program and is not always easily identifiable. Consequently, certain federal grants may be classified as state grants in the general purpose financial statements. The following shows a reconciliation of revenues per the December 31, 2005 audited financial statements to expenditures per the Schedule of Federal Financial Assistance:

Federal Revenue as reported in the audited financial statements at December 31, 2005.	\$ 2,764,233
Alpena County Regional Airport Passenger Facility Charges not reported under the Single Audit.	(24,624)
Alpena County Regional Airport Federal Grants Funds administered by the Michigan Department of Transportation	(296,941)
Alpena County Road Commission Federal Grants Funds administered by the Michigan Department of Transportation.	(423,022)
Value of vaccine provided by the Michigan Department of Community Health not previously reported on the financial statements	249,287
Grant Funds previously reported as federal funds received from the Michigan Department of Human Services determined to be state funded grants.	<u>(24,135)</u>
Expenditures per Schedule of Federal Financial Assistance	<u>\$ 2,244,798</u>

County of Alpena

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended December 31, 2005

A. Summary of Audit Results

1. The auditors' report expresses an unqualified opinion on the financial statements of the County of Alpena, Michigan.
2. No reportable conditions relating to the audit of the financial statements are reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the County of Alpena, Michigan, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No reportable conditions in internal control over Major Programs are reported in the Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133 and Supplementary Schedule of Federal Financial Assistance.
5. The Auditors' Report on Compliance for Major Programs expresses an unqualified opinion.
6. The Auditors' report disclosed no instances of findings relative to the major federal award programs required to be reported under OMB Circular A-133.
7. Programs tested as major programs:

Promoting Safe and Stable Families	CFDA #93.556
Temporary Assistance for Needy Families	CFDA #93.558
Child Support Enforcement	CFDA #93.563
8. The threshold for distinguishing Type A and Type B Programs was \$300,000.
9. The County of Alpena, Michigan was determined to be a low-risk auditee.

B. Summary of Findings Relating to the Financial Statements.

There were no findings relating to the financial statements which are required to be reported under generally accepted government auditing standards.

C. Findings and Questioned Costs of Major Federal Award Programs.

There were no findings or questioned costs related to the major federal award programs for the year ended December 31, 2005.

County of Alpena

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the year ended December 31, 2005

There were no findings or questioned costs in the prior year.

County of Alpena

CORRECTIVE ACTION PLAN

For the year ended December 31, 2005

A Corrective Action Plan is not required since there are no findings or questioned costs.

County of Alpena

Schedule of Grant Number MSC 05-0756-HOA

Application of Community Development Block Grant Funds

For the Grant Period January 1, 2004 Through December 31, 2005

Activity	<u>Approved Budget</u>	<u>Funds Expended To Date</u>	<u>Unexpended Balance</u>
HO Rehabilitation	\$ 140,000	\$ 140,000	\$ -
HO Emergency Repair	24,000	24,000	-
Administrative	36,000	36,000	-
Total	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ -</u>